

IN THE MATTER OF:

Decision and Order

CNA Plaza
Chicago, Illinois 60685.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. The Company is a New Hampshire domestic insurance company that has a certificate of authority to transact the business of insurance in that state. The Company requested and the New Hampshire Insurance Department has advised that it will issue an order to transfer the Company's domicile from the State of New Hampshire to the State of South Carolina upon the approval of the transfer by the South Carolina Insurance Department and the satisfaction of certain other conditions ("New Hampshire Redomestication Order").

2. The Company has requested approval of the Director to transfer its domicile to the State of South Carolina pursuant to S.C. Code Ann. Section 38-5-170 (1976, as amended).

3. The Company is authorized to transact business within the State of South Carolina. It was authorized to do business in this State on December 1, 1977, and it is currently authorized for Accident and Health, Property, Casualty, Surety, and Marine authority.

4. S.C. Code Ann. Section 38-5-170 (1976, as amended) provides that:

The certificate of authority, agents' appointments and licenses, rates, and other items which the director or his designee may allow which are in existence at the time any insurer licensed to transact the business of insurance in this State transfers its corporate domicile to this or any other state by merger, consolidation, or any other lawful method shall continue in effect upon such transfer if the insurer remains duly qualified to transact the business of insurance in this State. All outstanding policies of any transferring insurer shall remain in effect and need not be endorsed as to the new name of the company or its new location unless so ordered by the director or his designee. Every transferring insurer shall file new policy forms with the department on or before the effective date of the transfer but may use existing policy forms with appropriate endorsements if allowed by, and under conditions as approved by, the director or his designee. Every transferring insurer shall notify the director or his designee of the details of the proposed transfer and shall file promptly any resulting amendments to corporate documents filed or required to be filed with the department.

5. Bulletin 2002-07 sets forth additional requirements for an insurer interested in redomesticating to the State of South Carolina. It provides, in pertinent part, that:

The Department interprets "any other lawful method" of transferring domiciles to or from this State, as provided in Section 38-5-170, to permit an insurer that is organized under the laws of another state and licensed in South Carolina as a foreign insurer to redomesticate to this State by complying with all of the requirements of law relative to the organization and licensing of a domestic insurer of the same type. Such transferring insurer will be entitled to like certificates and licenses to transact business in this State, and shall be subject to

the authority and jurisdiction of this State. Prior to redomestication as provided herein, the transferring insurer must obtain the approval of the Insurance Commissioner in its current state of domicile.

Conversely, the Department interprets “any other lawful method” of transferring domicile to or from this State, as provided in Section 38-5-170, to permit an insurer that is organized under the laws of South Carolina, upon the approval of the director or his designee, to transfer its domicile to any other state in which it is admitted to transact the business of insurance. Upon such transfer, an insurer shall cease to be a domestic insurer of this State and shall be admitted to this State if it qualifies as a foreign insurer. The director or his designee shall approve the proposed transfer unless he or she determines the transfer is not in the interest of the policyholders of this State. This Bulletin shall not prevent an insurer from redomesticating to or from this State by merger or consolidation as provided in Section 38-5-170.

6. This redomestication is in the best interest of the policyholders of this State.

7. The Company has satisfied the requirements for redomestication under South Carolina law.

Accordingly, it is ordered that:

Based upon these findings and conclusions, the proposed transfer of the Company’s domicile to the State of South Carolina and its use of existing policy forms with such limited

endorsement(s) as are made necessary by the transfer allowed hereby is APPROVED to be effective January 1, 2004 upon the following conditions:

1. The Company must comply with all other requirements of applicable South Carolina law.
2. The Company shall continue to comply in full with the four conditions contained within the Order of New Hampshire Insurance Commissioner Roger A. Sevigny dated November 10, 2003 ("the New Hampshire Order"). The New Hampshire Order approved the Form D-1 filed by the Company and on behalf of The Fidelity and Casualty Company of New York dated September 11, 2003, as amended pursuant to Amendment No. 1 dated October 16, 2003, and granted the Form A exemption request concerning the Company and The Fidelity and Casualty Company of New York dated August 21, 2003.
3. The Company has been issued the New Hampshire Redomestication Order.



Ernst N. Csiszar
Director

December 29, 2003
Columbia, South Carolina